

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 1st Meeting of the 2003 Interim

June 3, 2003

The 1st meeting of the Interim Joint Committee on Education was held on Tuesday, June 3, 2003, at 1:00 PM, in Room 129 of the Capitol Annex. Senator Lindy Casebier, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Lindy Casebier, Co-Chair; Representative Frank Rasche, Co-Chair; Senators Walter Blevins, Brett Guthrie, Alice Forgy Kerr, Vernie McGaha, R.J. Palmer II, Jerry Rhoads, Dan Seum, Gary Tapp, and Jack Westwood; Representatives Buddy Buckingham, Jack Coleman, Jon Draud, Ted "Teddy" Edmonds, C.B. Embry Jr., Bill Farmer, Tim Feeley, Derrick Graham, Mary Harper, Mary Lou Marzian, Reginald Meeks, Harry Moberly, Tom Riner, Charles Siler, Arnold Simpson, Dottie Sims, Kathy Stein, Jim Thompson, and Charles Walton.

Guests: Clyde Caudill, Kentucky Association of School Superintendents and Jefferson County Public Schools; Mike Carr and Wayne Young, Kentucky Association of School Administrators; Tracy Goff Herman, Kentucky School Boards Association; and John Wilkerson, Kentucky Education Association.

LRC Staff: Audrey Carr, Jonathan Lowe, Sandy Deaton, Kelley McQuerry, and Lisa Moore.

A motion was made to approve the minutes by Senator Kerr and seconded by Senator Palmer. The motion was approved by voice vote.

Senator Casebier introduced Diane Barker and Michael Morgan, Kentucky Higher Education Assistance Authority, who explained Administrative Regulation 11 KAR 5:130, which adds language about the eligibility of a student enrolled in a program of study that is designated by the Council on Postsecondary Education (CPE) as an equivalent undergraduate program for a College Access Program (CAP) grant; and 11 KAR 5:180, which changes the requirements for institutions to retain records from five years to three years, and 11 KAR 8:040, which reduces the unemployment deferment from three years to one year, and prescribes conditions for deferment of the repayment obligation for teacher scholarship recipients. A motion was made to accept the administrative regulations by Senator Guthrie and seconded by Representative Rasche. The motion was approved by voice vote.

Senator Casebier recognized the life and contributions of Mrs. Ethel Alston, former Education Committee staff legislative analyst. He said her work impacted many individuals, and led to the improvement in education for all of Kentucky's children. Senator Casebier asked the committee for a moment of silence in memory of Mrs. Alston.

Senator Casebier introduced Commissioner Wilhoit who introduced Dr. Allan Odden and Dr. Lawrence O. Picus who presented their study on "A State-of-the-Art Approach to School Finance Adequacy in Kentucky" and "A Professional Judgement Approach to School Finance Adequacy in Kentucky."

Commissioner Wilhoit said Kentucky is trying to determine how much money is needed in the state to support public education. He said the answer depends upon two dimensions: equity and adequacy. Commissioner Wilhoit said a study was conducted by the Department of Education that indicated Kentucky's funding is equitable. He said it is now time to study what an adequate support base is for Kentucky.

Commissioner Wilhoit said the funding system must be adequate, substantially uniform and provide an equal opportunity for all children in Kentucky. Commissioner Wilhoit said there has been an increase in the guaranteed Support for Education Excellence (SEEK) base in almost \$1,000 per student increasing from \$2,305 in 1991 when the system began to \$3,081 in the current year. He also said it is just keeping pace because of inflation and increased resources being added to teacher salaries.

Commissioner Wilhoit said adequacy needs to be addressed in the context of the goals that have been set in the state such as higher expectations of students, and every student reaching high levels of learning. He said this means the cost has to be analyzed against state goals, and Kentucky did this by: 1) finding solid people to conduct research; and 2) finding a methodology to study adequacy.

Commissioner Wilhoit said Kentucky found two people who are nationally recognized, Dr. Allen Odden, University of Wisconsin, and Dr. Lawrence Picus, University of Southern California. He said both have developed a strong reputation nationally for their work in education finance.

Commissioner Wilhoit said he is investing his personal credibility in the state-of-the-art approach to school finance adequacy in Kentucky. He said this is because the approach begins with the assumption that there are some research findings around the country that Kentucky can build on and it also analyzes high performance organizations to see what they can contribute to the learning process. Commissioner Wilhoit said this study has also incorporated cost estimates.

Dr. Picus told the committee members that he and Dr. Odden were going to share findings of their adequacy study conducted in Kentucky over the past two and a half

years. Dr. Picus said a ten-year equity analysis of SEEK found it to be largely equitable. He also said their adequacy study included two different methodologies: 1) state-of-the-art or evidence based approach; and 2) professional judgment.

Dr. Picus said the earlier equity study produced numerous conclusions including: 1) the SEEK formula is equitable; 2) equity has improved over time despite allowing up to a 50 percent difference in revenue per pupil; 3) there is a high degree of equity for low revenue; 4) the advantage of high revenue districts has not increased; 5) there is a high level of fiscal neutrality; and 6) raised the question whether the system was adequate.

Dr. Picus said adequacy requires a provision of fiscal resources adequate to enable each school to deploy educational strategies that can educate nearly all its students to the state's proficiency standards. He said the general approach to adequacy is: 1) define an adequate education from the school level up; 2) establish a system to achieve the educational standard or goal; 3) measure costs and expenditures; 4) design a formula to allocate funds; and 5) address concerns and other issues.

Dr. Picus said there are four approaches to determining adequacy. These are: 1) cost functions; 2) successful district; 3) professional judgment, and 4) evidence based (state-of-the-art). He said the latter two were used for their study in Kentucky. He said these types of studies are being conducted in several states throughout the United States.

Dr. Picus said the professional judgment approach is a strategy where panels of local educators are gathered together including teachers, principals, and central office staff, and they are asked for their professional judgments about what is needed to produce student performance at the level the state desires. He said when strategies are identified, the analyst totals up the cost of their ideas.

Dr. Picus said the evidence based approach is similar, but it starts from a research base, and not just the opinions or professional judgments of educators. He said it tries to synthesize the research on the various strategies and model after successful strategies. He said the resources are identified as to what is needed on a school by school level, and then sum up the results for a total cost.

Dr. Picus said there were two phases in the adequacy study. The first phase was the state-of-the-art or evidence bases analysis, and the second phase was the professional judgment method which is still in process. He also said that Deborah Versteegen from Virginia conducted an adequacy study in Kentucky for the Council for Better Education.

Dr. Picus said the state-of-the-art approach is popular because it provides the detail and provides a dollar estimate for adequacy. He said it draws from the best research and the best craft wisdom, and it is clear about the key program elements that should be included in the overall educational strategy at each school site.

Dr. Picus said they identified resources needed for a prototype school composed of 500 students which are the basis for projecting costs for the state-of-the-art approach. He said an elementary school unit of 500 students would need a principal; 2.5 full-time instructional facilitators and/or coach; 29 teachers; class size of 15 for grades K-3, otherwise class sizes of 25 students; 6 art, music, physical education, library teachers; 1-5 teacher tutors – 1 for each 20 percent of students from low income background with a minimum of 1; 1-5 positions for student/family support – 1 for each 20-25 percent of students from low income background with a minimum of 1; \$60,000 for professional development; \$125,000 for computer technologies; and secretarial support, lunch and food support, and operations and maintenance.

Dr. Picus said a secondary school unit of 500 students would include a principal; 2.5 full-time instructional facilitators and/or coach; 20 teachers with class sizes of 25; 4 art, music physical education, library teachers; 1-5 teacher tutors – 1 for each 20 percent of students from low income background with a minimum of 1; 1-5 positions for student/family support – 1 for each 20-25 percent of students from low income background with a minimum of 1; \$60,000 for professional development; \$125,000 for computer technologies; and secretarial support, lunch and food support, and operations and maintenance.

Representative Farmer asked for the basis for tying academic ability to the income of the student's home. He said in the Subcommittee on Postsecondary Education, it was openly challenged to link low income to low ability. Dr. Odden said low-income is not meant to indicate lower ability, but is a rough indicator of the numbers of children who will be struggling to reach the proficiency levels. He said these students can reach proficiency, but they may need extra help and this requires additional resources.

Senator Westwood asked for clarification on the high school aspect of the prototype school model. He said this model does not appear to be very friendly to an academic curriculum. Senator Westwood asked specifically how you would incorporate the advanced placement students into this type of curriculum.

In responding Dr. Odden used an example of a larger school of 1,000 students to illustrate how the model would work. He said the model would produce for a 1,000 student high school with average Kentucky demographics: 40 core academic teachers, an additional eight teachers, five tutors to provide extra assistance, and five staff in the social worker/counselor arena. He said this provides a total of 58 professional staff members. Dr. Odden said these numbers are sufficient to provide the full academic/college prep curricula. He said a simulation of this was developed in Arkansas to simulate the number of classes required for graduation, and it is more than adequate to provide the basic college prep curriculum. Dr. Odden said the model does not provide for teaching resources for smaller, advanced classes, and this could be a subject for debate. Dr. Odden also said some high schools like block schedules, and this would

require an additional 20 percent teaching resources because they get more planning and preparation time. He said this was purposely not incorporated into the model because if schools want the block schedule, they would have to incorporate the additional resources from another entity.

Dr. Picus said to remember that not every class is going to have 25 students, but there are a number of courses in a high school that are logically larger such as band programs and physical education courses. He said in a typical school of 500, the staffing patterns that exist now are very similar to this model. Dr. Picus said the staff titles may be listed differently, but most personnel will still have the certification to teach the advanced courses and any other needs of a specific school.

Senator Westwood said he feels that this model short changes the academic areas, and offers a survey type of curriculum. He said additional teachers could be hired for the advanced courses, but then suddenly the system is not based on the model anymore because the additional teachers have to be paid. Senator Westwood asked about the cost of the model.

Dr. Odden said the increased cost for the core educational strategies based on the state-of-the-art approach would be \$565 million on an annual basis which is an increase of \$873 per pupil. He said early childhood education programs would cost an additional \$175 million which brings the cost for the entire model to \$740 million.

Senator Westwood asked about the guidance counselor duties under this model. He said guidance counselors within the school system are already extremely busy, not taking into consideration the expanded duties they would assume under this proposal. Dr. Odden said they do not take a position on that subject, but at this level, given the average demographics, this model would produce 2.5 positions for pupil support in the school.

Representative Draud asked if staff was re-deployed under this model instead of hiring additional staff. Dr. Picus said yes and no. He said the perspective is the gap between current levels of performance and the performance levels desired by 2014. He said the gap is not closed and performance is not improved by continuing to do the same things every year. He said these school resources were comprised by rethinking the whole school strategy and starting at ground zero. Representative Draud asked if the model uses the same number of staff, but just places them more strategically. Dr. Odden said in some cases, partly dependent on how many staff are in the school presently.

Representative Walton said committee members were given some statistics before the last General Assembly session in 2003, and they dealt with educational funding and the need to maintain the present level of funding. He noticed in those studies that school districts within and near his legislative district, there was disproportionate staffing.

However, in comparing academic performance among school districts, some with fewer numbers of personnel were out-performing schools with higher numbers of staff. Representative Walton said if Kentucky decides to use a model, we need to be very careful because the model for an urban area such as Louisville may need to be significantly different than a model used in a rural county in Kentucky. He asked if the significant differences were incorporated into this model. Dr. Picus said yes, there is school size literature which is consistent that large secondary schools are much less effective than smaller secondary schools under 1,000 students. The impact of class size is the same for all children in all schools, regardless of geographic area in grades 1-3.

Representative Walton said schools can succeed in Kentucky and many are reaching proficiency levels now within our current system. He said those successful schools should be studied to see what is working. He said the reality is that Kentucky does not have \$2.3 billion additional money.

Representative Coleman talked about the funding increases in the SEEK base. He said equity was established throughout the years, but he questioned what would happen to equity if this prototype model is adopted. He said this model appeared to favor independent school districts. Dr. Odden said it should improve equity, but the strategy for the model prorates up for larger schools and prorates down, with a minimum level of service or number of staff, for smaller schools. He said it should be a horizontally and vertically equitable system.

Commissioner Wilhoit said the implementation of this design when it reaches the minimum level of performance, triggers a disproportionate amount of resources going into the smaller school districts. Representative Coleman said this is where Kentucky was prior to 1990 which resulted in the creation of the SEEK formula.

Representative Coleman said Kentucky has a unique situation that centers around House Bill 44 concerning the growth districts, and he asked if this model addressed the issue. Dr. Odden said the growth issue was not addressed, but implementing this model would require a higher base level and some modification within Tier 1 and Tier 2 of the SEEK formula, but it would improve the equity in the system.

Dr. Odden said the strategy to determine the cost for adequacy included: 1) identifying the core instructional expenditures at the school site for the 2001-2002 school year; 2) calculating the costs of adequate resources determined by the evidence-based approach; and 3) calculating the difference to show how much more or less the state would need to spend to adequately fund educational services in the state.

Dr. Odden said they were more confident in the state-of-the-art phase of the study results than in the professional judgment phase results. He said data was used from the Department of Education from both the school and district level. He said accepted

current expenditures from the school level were custodial, food services, secretarial, transportation, and other non-core functions. The accepted current expenditures from the district level included all central office costs and the cost of severe disabilities in children.

Dr. Odden said the sample calculation included 176 school districts with 1,233 class A1 schools which is the regular elementary, middle, and high schools. He said 71 percent of the schools were covered with over 98.5 percent of the children. He said examples of excluded schools included: alternative (except for two large ones); vocational; special education; day treatment; and juvenile detention centers. Dr. Odden said the study results for the 2001-2002 current operating expenditures (excluding Federal) were \$3.9 billion or \$6,020 per pupil. He said \$1.9 million of this was for core instructional services.

Dr. Odden said the professional judgment model was \$2.4 billion in additional costs. He said this is substantially above the state-of-the-art projection. He explained the reason for the cost difference as: 1) additional cost for the extra student and teacher days, i.e., the extended teacher contracts which was about \$257 million; 2) additional costs for the instructional aides, established at approximately \$86 million; 3) additional costs for the class sizes of 20 (versus class sizes of 25) for grades 4-12, which were approximately \$414 million; and 4) additional costs for the additional special education teachers, tutors and family support personnel, which were approximately \$488 million.

Commissioner Wilhoit said that we are operating in a tight economy and these are difficult decisions for policymakers to make. He said what is commonly occurring now is most educators view their current problems and try to add to the resource base funding of schools to correct them. Commissioner Wilhoit said teachers are having difficulty educating the students labeled with disabilities, and he does not think that adding staff people or teacher aides will remedy these situations.

Senator Casebier reminded members about the next Interim Joint Committee on Education meeting in Northern Kentucky on June 18th, 2003, and told the members to make their own room reservations. Senator Casebier introduced Mr. Blake Haselton, Superintendent, Oldham County Schools and Vice-President, Council for Better Education.

Mr. Haselton introduced Michael Davis who is a senior and history major at Vanderbilt University and is serving as an intern in his office for the summer. He began his presentation by talking about the *Rose v. Council* court case which began discussions about equity and adequacy. He said the Kentucky Supreme Court did rule that it was the responsibility of the General Assembly to create an efficient system of common schools.

Mr. Haselton said there are seven competencies listed in the court's decision for an adequately educated pupil. They are: 1) sufficient oral and written communication skills to function in a complex and rapidly changing civilization; 2) sufficient knowledge of economic, social, and political systems to enable informed choices; 3) sufficient understanding of governmental processes to enable understanding of issues that affect the community, state, and nation; 4) sufficient self-knowledge and knowledge of mental and physical wellness; 5) sufficient grounding in arts to enable appreciation of cultural and historical heritage; 6) sufficient training or preparation to enable the choice and pursuit of life work intelligently; and 7) sufficient levels of academic or vocational skills to compete favorably with counterparts of neighboring states, in academics or in the job market.

Mr. Haselton said Dr. Deborah Verstegen was retained by the Council for Better Education to conduct a study on adequacy. He said the study was necessary so the council could review the entire state and determine what had been accomplished and how to achieve adequacy in Kentucky. Dr. Verstegen is a professor of policy studies, leadership and finance in the graduate department of Virginia's Curry School of Education.

Mr. Haselton said the 2003 Verstegen study was to determine the cost of educational adequacy in Kentucky as defined by the Kentucky Education Reform Act (KERA) and the *Rose v. Council* court case. He said Dr. Verstegen was directed to not look at other models, but to base her research on KERA and making Kentucky school finance adequate. Mr. Haselton said Dr. Verstegen developed her study using the professional judgment model, which uses the assessments of education professionals in assigning the resource costs of an adequate education, and cross referenced to research data.

Mr. Haselton said there are different cost models which include the professional judgment (or the resource cost model), which has been used in Wyoming, South Carolina, Montana, Maryland, Illinois, Massachusetts, and Alaska. He said an empirical approach which has been used in Illinois, Mississippi, Maryland, and Ohio. Mr. Haselton said two other models have been used: the econometric modeling approach, which has been referred to as the cost function approach, and the comprehensive schoolwide reform model or the state-of-the-art approach.

Mr. Haselton said Dr. Verstegen used professional judgment panels comprised of teachers, curriculum personnel, school board members, and administrators. He said the school site panels were asked to estimate personnel and non-personnel resources for prototype elementary, middle, and high schools based on different district sizes. Mr. Haselton said the district level panels projected necessary district level resources for a district comprised of adequate schools, and an expert panel assessed costs based on the identified resource needs of the school site and district level panels.

Mr. Haselton said seven types of resource costs were included in the assessment: 1) personnel; 2) supplies; 3) equipment; 4) technology; 5) categorical aid (for additional cost students); 6) co-curricular/student activities; and 7) district level resources. He said the district level resources included administration, maintenance and operations, and transportation.

Mr. Haselton said the district size classifications vary from the small districts which include 188,257 students collectively encompassing 125 school districts with an average size of 1,506 students, the medium district which has 185,413 students encompassing 41 school districts with an average size of 4,522 students, and the large district with 190,527 students encompassing 10 school districts with an average size of 19,053 students per district.

Mr. Haselton said Dr. Verstegen identified additional key resource requirements including adding voluntary half-day preschool for three and four year olds, and raising teacher salaries to the average of the Southern Regional Education Board (SREB) standards. He said in 2000-2001, Kentucky teacher salaries were 95.8 percent of the SREB states average and 81 percent of the seven surrounding states average.

Mr. Haselton said the state expenditures on education to provide an adequate amount of resources financially for all students based on 2001-2002 data would be \$4.9 billion dollars. He said the current expenditure is \$4.1 billion dollars with the difference being \$892 million needed to achieve adequacy. He said adding the additional components would be \$1 billion and 162 million dollars.

Mr. Haselton asked the committee members to consider the following points of discussion including: 1) the FOX report which is a report on the tax structure; 2) comprehensive tax reform; 3) fiscal discipline; 4) maintain KERA; and 5) best practices.

Representative Feeley asked about CATS scores and if Kentucky is on track to meet KERA's goals of 2014. Mr. Haselton said Kentucky needs additional resources in order for its students to reach proficiency by 2014.

Representative Moberly said the Special Session of 1985 addressed class sizes by reducing them at the elementary level. He said the General Assembly understood that it could not afford to reduce them as low as they would have liked.

Senator Guthrie said the issue of raising teacher salaries is very important. He said Kentucky needs to replicate successful programs and examine how these rural, and disadvantaged districts with limited resources are reaching proficiency with their student performance. Mr. Haselton said disadvantaged schools that are succeeding are doing so by using best practices and providing strong leadership.

Representative Siler expressed the need for an organization to take the lead in informing the public of the need to not only maintain current levels of education funding, but to meet unmet needs.

Senator Kerr said teacher salaries need to be raised as a top priority. She also said that Kentucky needs to examine and duplicate the strategies or models the schools that are showing success are using.

The meeting adjourned at 3:25 p.m.